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NSC BRIEFING

12 November 1953

IMMEDIATE PROSPECTS IN IRAN

I. The Oil Issue

Reports from Tehran and London on conversations between Herbert Hoover, Jr., and Iranian and British officials show that an oil settlement will be very difficult to achieve.

- A. When in Tehran in late October, Hoover found top officials badly informed, inflexible in thinking and constrained by fear of popular reaction. He found that:
 - Iran had no actual plans to settle the oil dispute or to resume oil operations.
 - 2. The stand of Prime Minister Zahedi resembles that of Mossadeq's: the British must not return to Iran nor

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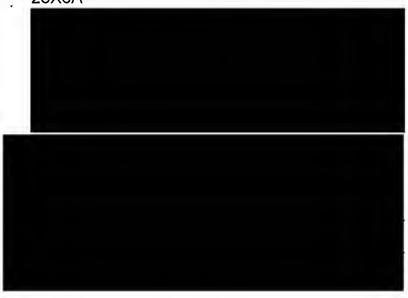
hold a majority position in any company exploiting Iranian oil; Iran must be allowed to enjoy all the profits from its oil.

3. Zahedi professes to understand the difficulties which Iran faces in the world oil markets, but insists that Iranian public opinion will not allow compromise on these basic points.

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II. Mossadeq's Trial for Treason

- A. Any desire on part of Zahedi for a quick compromise on the oil issue is also blocked by Mossadeq's current trial.
 - 1. Opening sessions of trial indicate that Mossadeq will attempt to show that he is being prosecuted for opposition to British and for nationalization of Iran's oil. He will try to use court as a sounding

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board to embarrass government which, under these circumstances, will feel forced to remain firm in opposing return of British influence to Iran.

- 2. Mossadeq is also attempting to create impression that he is a popular hero persecuted by his enemies. His appeal to mob emotion is typical of Mossadeq's previous action, but it has not yet been effective at the trial. His actions suggest that he plans to force government to make him a martyr.
- 3. Mossadeq probably will be found guilty of treason but his disposition presents problems. An Iranian civil law protects men over sixty, as well as women, from execution. The present trial is military, but the civil law might provide a

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convenient pretext to avoid
executing Mossadeq. The government
may be looking for such a pretext.
However, if he is exiled or imprisoned, Mossadeq would be a rallying
point for opposition.

III. <u>In Domestic Matters Zahedi is Largely</u> Marking Time

- A. He has not been able to form an effective political machine to support him.
- B. His lack of accomplishment has encouraged opposition elements. ProMossadeq groups are active as well as individuals hoping to succeed him if he is forced out of office.
- C. Anti-Tudeh drive has been effective, but the party is rebuilding its

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organization,

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Only constant attrition by raids and arrests, accompanied by prosecution, will keep Tudeh from again challenging government.

- D. Zahedi has failed to make progress on economic and financial problems. The \$45,000,000 in American aid is contributing to budget, but Iran has not presented a program to utilize the aid any further.
- E. Zahedi's government appears to expect to solve its problems with an oil income, but there is no indication that an oil settlement is imminent.

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